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March 21, 2001

David L. Weigert, Esq.
Environmental Enforcement Division
P. O. Box 7611
Washington, D.C. 20044-7611

Re: Kin-Buc

Dear David:

Thank you for chatting with me about the above site. While the urge to say much more is barely resistible, I want to share with you several concerns about how developments have frustrated my client, SC Holdings, Inc.

Two years ago, EPA demanded that SC Holdings, Inc. undertake work at Mound B, which SC Holdings, Inc. believed to be unnecessary and without any legal authority. EPA felt to the contrary and as with most environmental disagreements, the parties began to communicate regarding potential compromise -- specifically, what work could SC Holdings, Inc. undertake at Mound B to satisfy EPA. During those discussions, EPA sought to advise that the "penalty clock was ticking," the latter being a not too subtle EPA suggestion that SC Holdings was in violation of a regulatory requirement.

As time passed, SC Holdings was advised that EPA had referred the matter to the "Department of Justice," and that the claims also involved alleged historic violations of previous unilateral orders and EPA oversight coats. In August of 1999, DOJ requested that SC Holdings sign a Tolling Agreement extending the period in which a suit could be filed against it for six months. SC Holdings, Inc. responded that any Tolling Period should be shortened to ensure that the government made a timely demand. The parties then met and SC Holdings, Inc. continued to respond to a dribble of DOJ requests for information, negotiate a plan for Mound B, and sign a succession of eight Amended Tolling Agreements. During this 20-month Tolling Period, you have repeatedly promised a clear statement (or at least some statement) of the government's demand, but produced none.

As of today, EPA is insisting that SC Holdings, Inc. undertake the Mound B work which EPA has determined to be acceptable (see 3/13/00 Prince letter to Joyce) and that compromise of the

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penalty and past cost claims can only be achieved by DOJ. Putting aside the comedy of the dichotomy, you have now suggested that SC Holdings, Inc. is holding the remedy hostage. The hostage here is not the remedy, its SC Holdings, Inc. SC Holdings, Inc. is willing to undertake the Mound B "remedy" if the entire cost of settlement with the government (i.e., DOJ and EPA) makes sense. In SC Holdings, Inc.'s view, spending \$750,000 to \$1,500,000 to compromise a claim as to which it believes it could prevail at trial makes sense only if the spending is part of a package addressing the other counts of the government's putative complaint.

We await your demand.

Regards,

SEYFARTH SHAW

By

Peter J. Kelly
Peter J. Kelly

PJK:clr

c. Stephen Joyce

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